

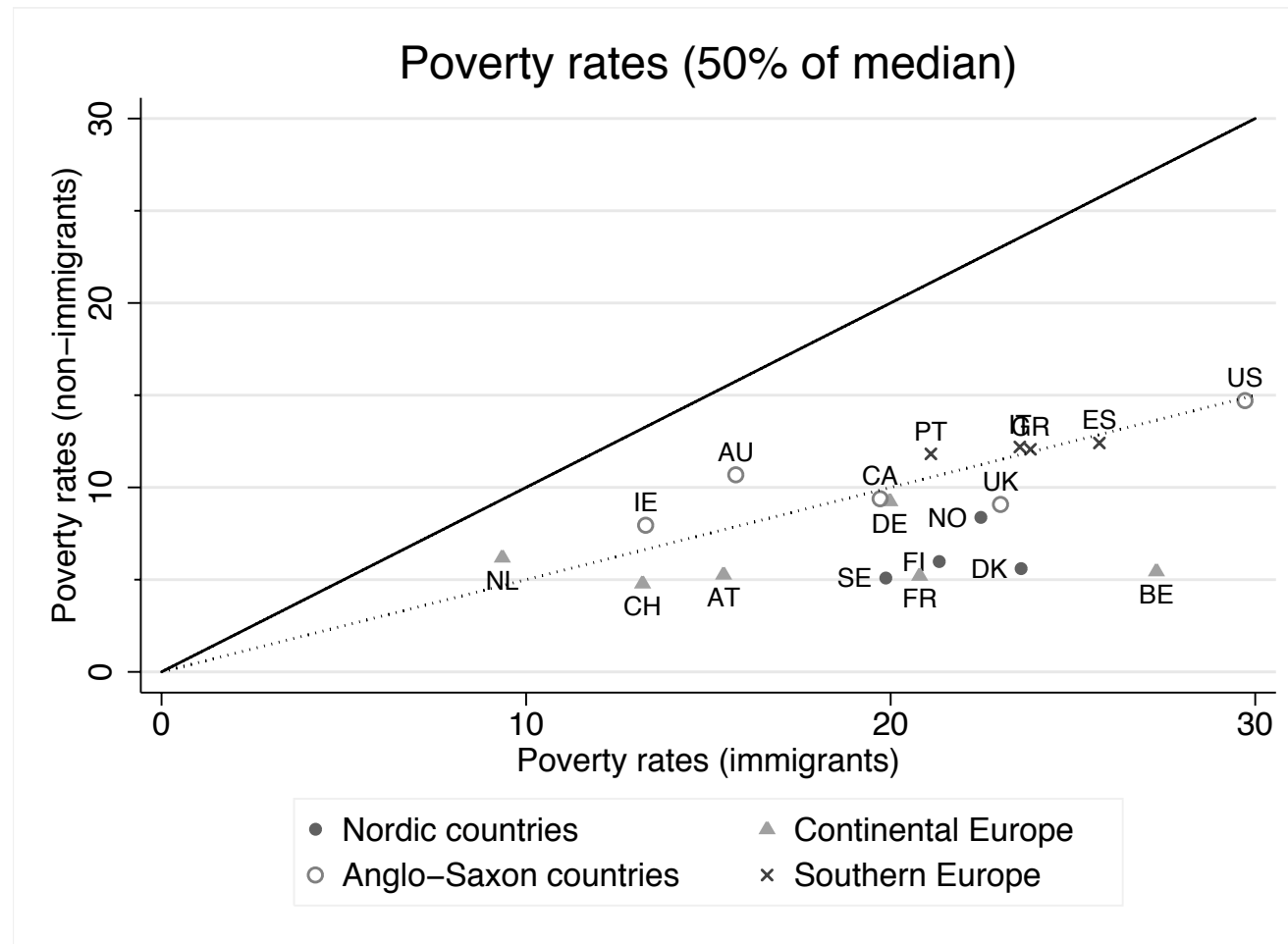
# **How political economies affect immigrants' socio-economic incorporation**

A comparative analysis of immigrants' poverty risks  
across advanced industrialised countries

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# Puzzle



Note: Households' poverty rates after taxes and transfers in 2007.

Source: EU-SILC, HILDA (Australia), SLID (Canada), CPS (United States)

# Research question

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How can cross-national variations in **immigrants' poverty**,  
and be explained?

# Contributions of this paper

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## *Theoretical contributions*

- Combines comparative welfare state and political economy literature with citizenship and immigration literature:
  - Differentiation between rights of immigrants and citizens
  - Disaggregation into different immigration categories

## *Empirical contributions*

- Considers structural factors at the micro-level with a particular focus on households rather than individuals
- Provides an extensive new dataset on immigrants' social and economic rights

# State of the art

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Explaining cross-national variations in poverty

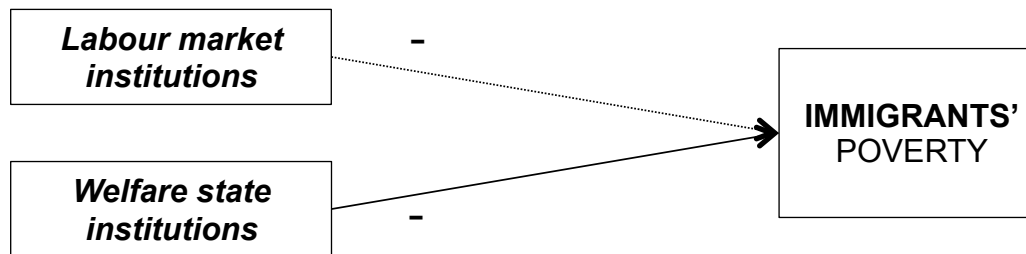
- Comparative welfare state and political economy literature
  - redistributive policies
  - labour market policies

→ **BUT, based on the implicit assumption that citizens and immigrants have the *same* social and economic rights**

- Contributions from citizenship and immigration literature:
  - Differentiation between immigration categories  
(e.g. permanent and temporary residents)

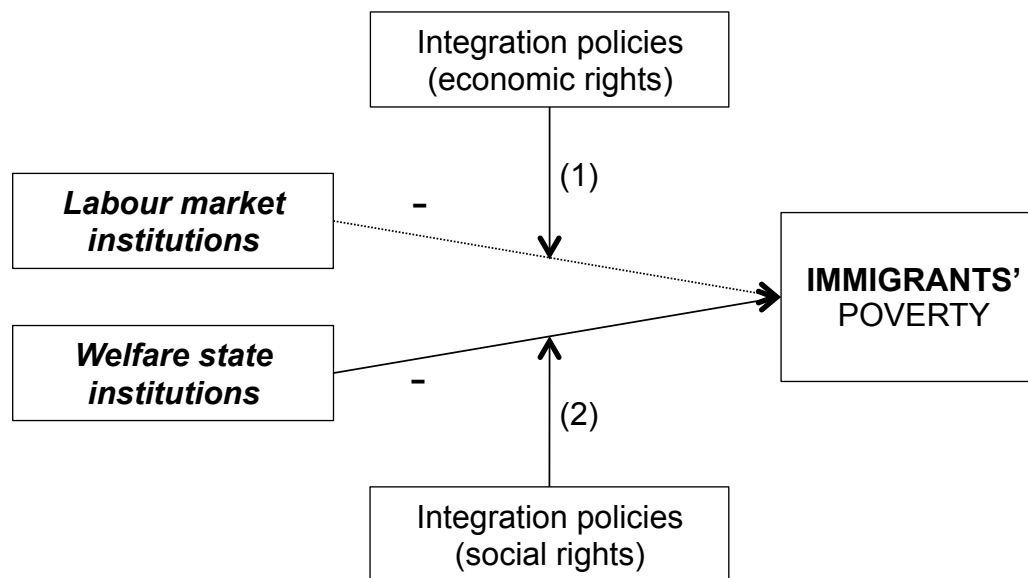
# Theoretical framework

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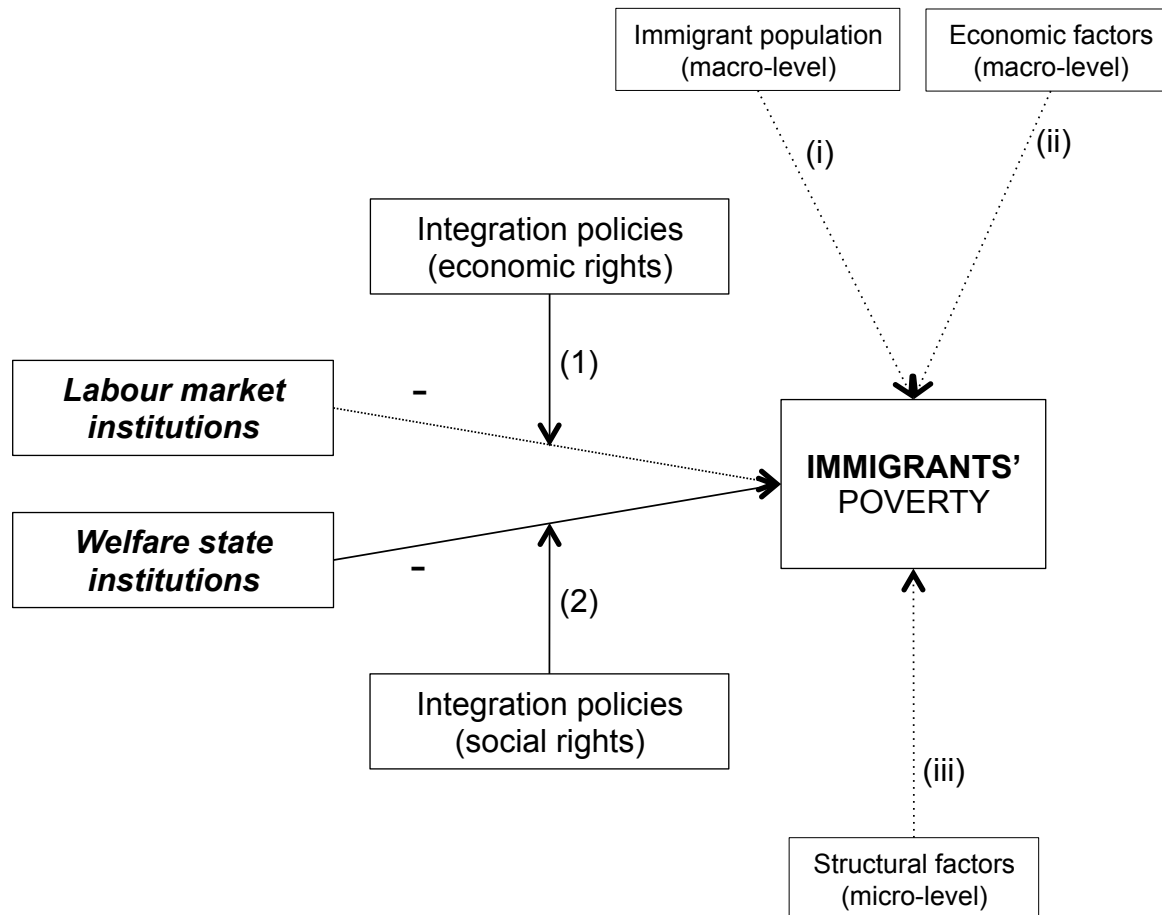
# Theoretical framework (cont.)

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# Theoretical framework (cont.)

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# Research design

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## **Non-immigrants and immigrants**

Definition based on whether adults are born in the country of residence

## **Case selection**

19 OECD countries for which the data is available the EU-SILC household survey, national surveys (Canada, Australia, USA) for the year 2007

## ***Dependent variable***

Poverty *before* and *after* taxes and transfers (working-age households with less than 50% of a country's median income)

## ***Independent variables – structural factors at the micro-level***

Education, occupation (incl. mixed categories); labour market participation, atypical/self-employment ('none' to 'all'); # of children/elderly per household

## ***Independent variables – labour market and social policies***

- Coordination and government intervention in wage bargaining; minimum wage setting and minimum wage (% of median wage)
- Net unemployment replacement rates (67% AW); family benefits in % of AW; FRE paid parental leave and length of maternal leave; social assistance (net replacement rates)

# Research design (cont.)

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*Economic rights (access to employment // self-employment)*

- 0: employment tied to a specific employer [family members: not permitted to work] // no access
- 1: change of employer possible but requires a new work permit, // additional permit
- 2: change allowed within a specific sector, occupation or region [unlimited working rights after certain period] // work permit allows self-employment
- 3: full access as nationals.

*Immigration categories:* nationals\*, foreign nationals with permanent resident permits and their family members, foreign nationals with limited residence permits and their family members, recognised refugees\*, and supra-nationals (i.e. EU citizens\*).

\* Not included in the final index due to low variation.

**Data sources:** National immigration laws, report on immigration laws (IOM 2009), MIPEX (2007)

# Research design (cont.)

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*Social rights (access to social programs)*

- 0: no access
- 1: waiting period  $\geq 5$  years or  $\geq 52$  weeks of employment
- 2: waiting period  $< 5$  years or  $< 52$  weeks of employment
- 3: full access

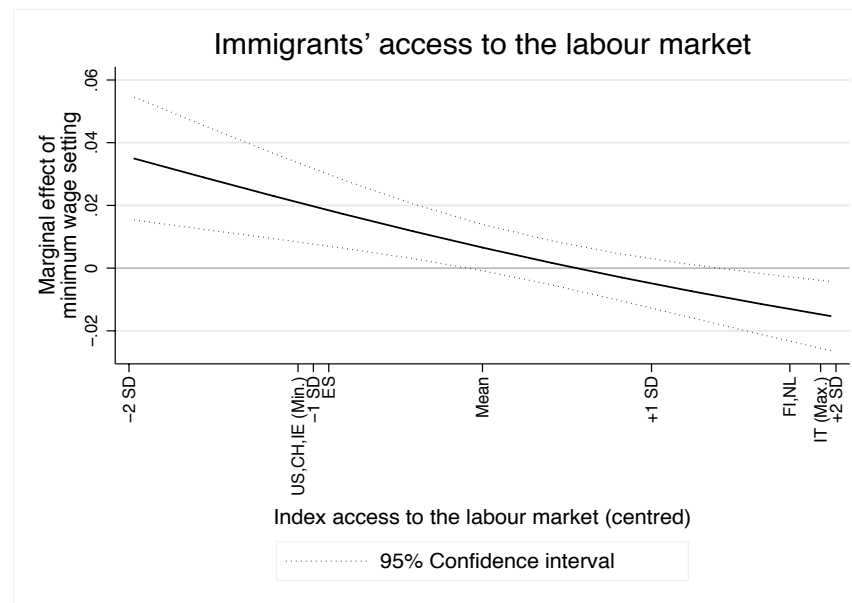
Unemployment compensation, traditional family and dual-earner support, social assistance programs

**Data sources:** National social security law, OECD benefits and wages report (OECD 2007), MISSOC (2007)

# Main findings (multilevel analysis)

## Immigrants' poverty based on market income

- Minimum wage setting and minimum wage in % of median wage (-)



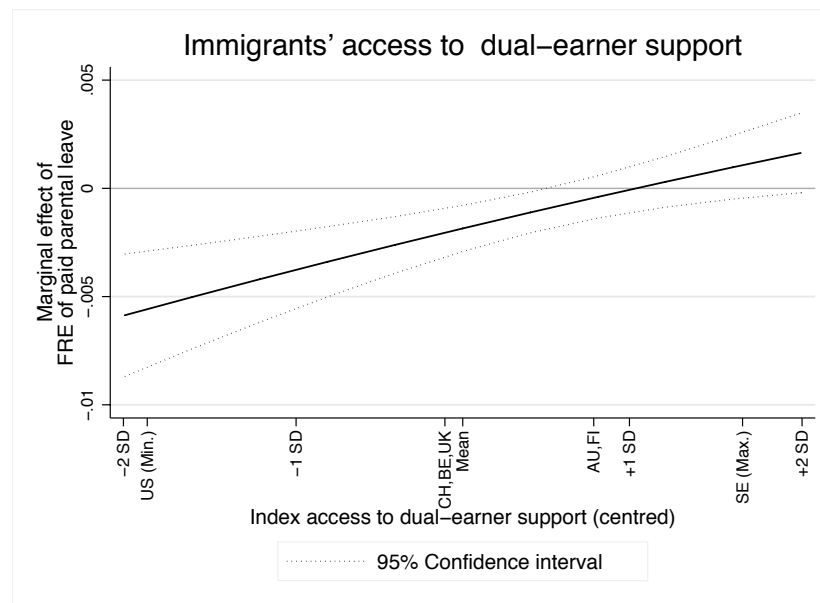
*Control variables:* importance of a household's labour market participation (number of earners or type of employment at the micro-level)

Moderational effect of *wage bargaining indicators*, i.e. wage coordination and government intervention, both not significant

# Main findings (cont.)

## Immigrants' poverty based on disposable income

- Traditional family and dual-earner support, social assistance (+)



Moderational effect of *unemployment compensation* not significant.

# Conclusion

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A country's institutional setting of the labour market and welfare system does not suffice to explain immigrants' poverty...

... also integration policies granting immigrants access to the labour market and social programs have to be considered

- The reductive effect of stronger regulated labour market institutions on poverty *increases* as immigrants' access to the labour market becomes more inclusive.
- But, the reductive effect of more generous social benefits on poverty *decreases* as immigrants' access to these social programs becomes more inclusive

# Further research

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- Labour market and welfare state institutions
  - Stronger link to dualisation literature, i.e. non-coverage of particular groups of workers
  - Expand conceptualisation of economic rights (right to equal pay etc.)
  - Incorporate active labour market policies
- Disentangle the complex mechanism of the impact of labour market and social policies on poverty
- Stronger focus on immigration-related policies:
  - Relation between immigration policies and integration policies, i.e. access to the labour market and social programs
  - Role of direct integration policies

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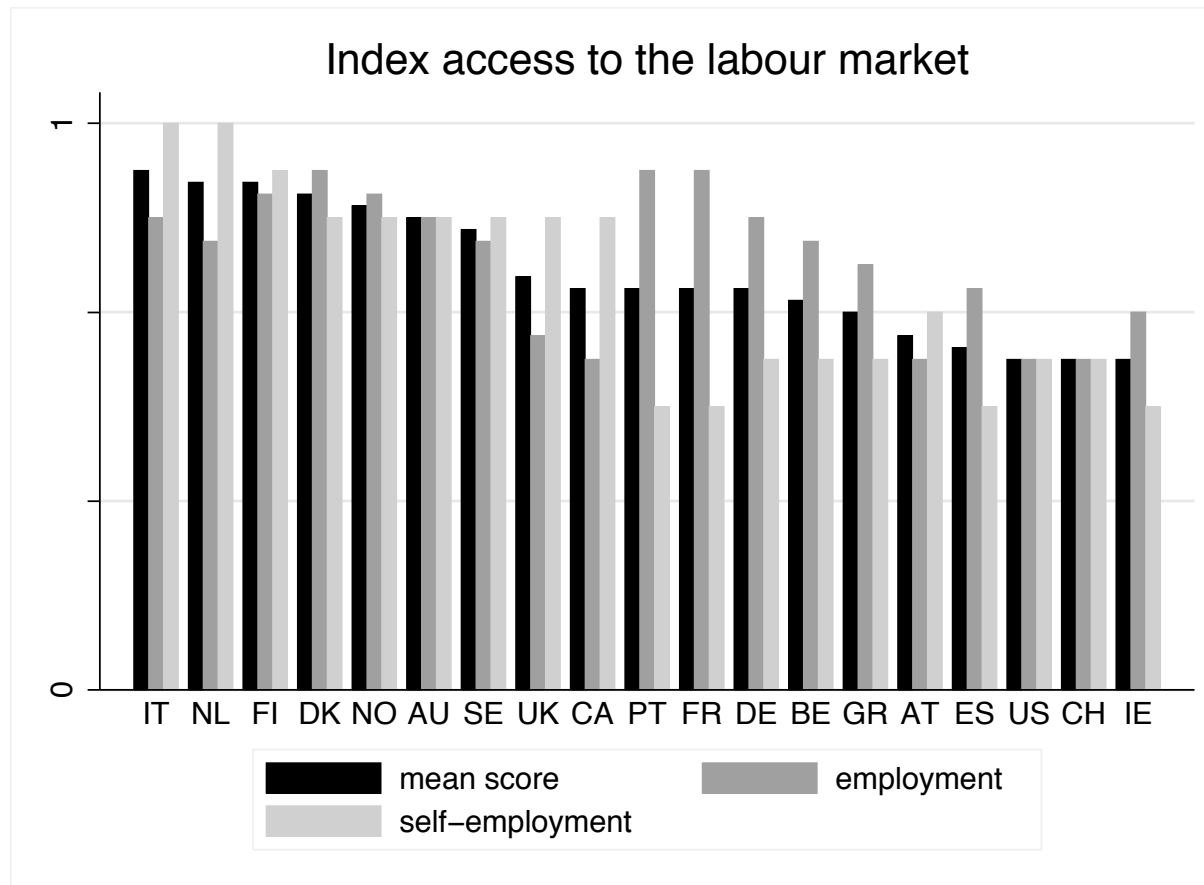
# Immigrant sample

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	Non-immigrants	Mixed	Immigrants	Total
Australia	3 807 (73.3%)	612 (11.8%)	775 (14.9%)	5 194
Austria	4 072 (82.0%)	347 (7.0%)	544 (11.0%)	4 963
Belgium	3 820 (80.5%)	447 (9.4%)	477 (10.1%)	4 744
Canada	3 782 (70.8%)	661 (12.4%)	896 (16.8%)	5 339
Denmark	3 981 (91.6%)	231 (5.3%)	132 (3.0%)	4 344
Finland	8 046 (95.3%)	273 (3.2%)	124 (1.5%)	8 443
France	6 349 (84.0%)	674 (8.9%)	531 (7.0%)	7 554
Germany	8 706 (91.0%)	531 (5.5%)	334 (3.5%)	9 571
Greece	3 501 (88.6%)	186 (4.7%)	264 (6.7%)	3 951
Ireland	2 868 (81.1%)	374 (10.6%)	295 (8.3%)	3 537
Italy	13 526 (90.3%)	789 (5.3%)	671 (4.5%)	14 986
Netherlands	7 231 (91.5%)	452 (5.7%)	222 (2.8%)	7 905
Norway	4 211 (88.2%)	313 (6.6%)	252 (5.3%)	4 776
Portugal (2008)	2 687 (90.2%)	206 (6.9%)	87 (2.9%)	2 980
Spain	8 348 (89.7%)	454 (4.9%)	508 (5.5%)	9 310
Sweden	4 369 (81.6%)	471 (8.8%)	511 (9.5%)	5 351
Switzerland (2009)	3 656 (69.7%)	759 (14.5%)	827 (15.8%)	5 242
United Kingdom	5 318 (85.9%)	496 (8.0%)	376 (6.1%)	6 190
United States	12 334 (79.9%)	1150 (7.5%)	1950 (12.6%)	15 434
<b>Total</b>	<b>110 612 (85.2%)</b>	<b>9426 (7.3%)</b>	<b>9776 (7.5%)</b>	<b>129 814</b>

# Index – labour market access

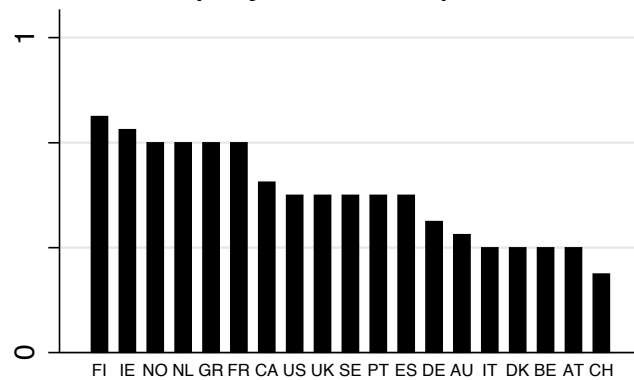
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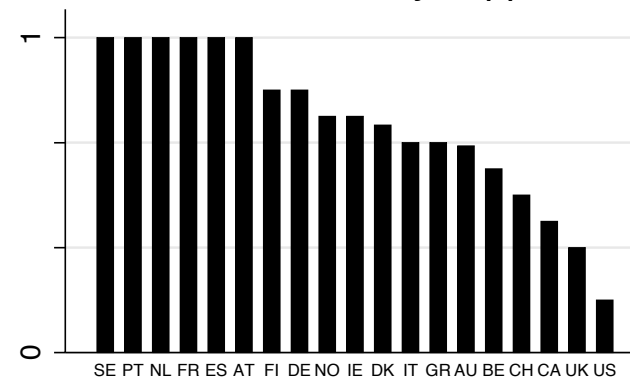
# Index – welfare state access

## Indices access to social programs

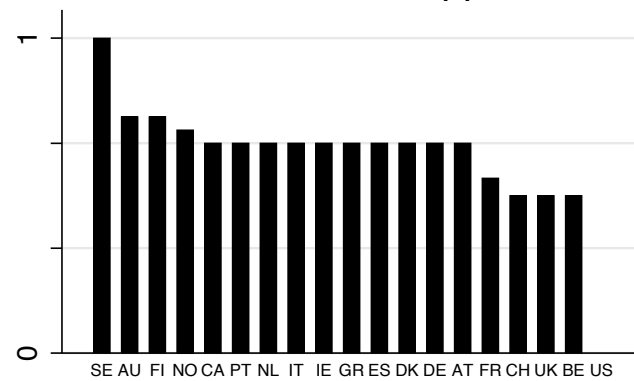
Unemployment compensation



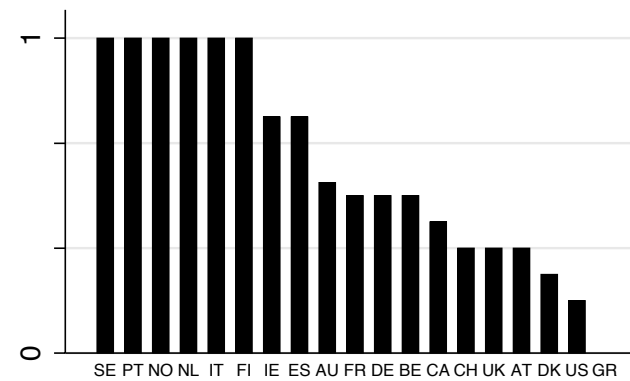
Traditional family support



Dual-earner support



Social assistance



	Model 0	Model 1a	Model 1b	Model 2a	Model 2b
<i>Ref. low education</i>					
Medium	-0.514*** (0.08)	-0.547*** (0.08)	-0.547*** (0.08)	-0.542*** (0.08)	-0.546*** (0.08)
High	-0.981*** (0.10)	-1.026*** (0.10)	-1.028*** (0.10)	-1.011*** (0.10)	-1.011*** (0.10)
Mixed, low	-0.250* (0.10)	-0.290** (0.10)	-0.290** (0.10)	-0.284** (0.10)	-0.287** (0.10)
Mixed	-0.436** (0.15)	-0.445** (0.15)	-0.445** (0.15)	-0.427** (0.15)	-0.424** (0.15)
Mixed, high	-0.474*** (0.12)	-0.517*** (0.12)	-0.519*** (0.12)	-0.502*** (0.12)	-0.504*** (0.12)
<i>Ref. no one employed</i>					
One person	-3.120*** (0.10)	-3.149*** (0.10)	-3.142*** (0.10)	-3.156*** (0.10)	-3.143*** (0.10)
Multiple earners	-4.582*** (0.14)	-4.586*** (0.14)	-4.578*** (0.14)	-4.601*** (0.14)	-4.584*** (0.14)
<i>Ref. no one employed atypically</i>					
At least one person	0.630*** (0.12)	0.588*** (0.12)	0.585*** (0.12)	0.596*** (0.12)	0.593*** (0.12)
All	1.338*** (0.08)	1.362*** (0.08)	1.358*** (0.08)	1.368*** (0.08)	1.362*** (0.08)
Permit based statistics, humanitarian (%)		0.046† (0.02)	0.035 (0.02)	0.061** (0.02)	0.069*** (0.02)
Index labour market (LM)		-0.529 (1.18)	-0.173 (1.19)	-2.270** (0.85)	-2.412** (0.78)
Wage bargaining coordination		-0.065 (0.10)			
Wage coordination X access (LM)		-0.397 (0.90)			
Government intervention			0.000 (0.12)		
Government intervention X access (LM)			-1.310 (0.85)		
Minimum Wage Setting				0.053† (0.03)	
Minimum Wage Setting X access (LM)				-0.868*** (0.25)	
Minimum wage (% of median)					0.007† (0.00)
Minimum wage X access (LM)					-0.124*** (0.03)
Level 2 Intercept	-0.735***	2.512***	2.520***	2.453***	2.441***
Var (country)	0.230	0.144	0.128	0.078	0.067
ICC	0.065	0.042	0.037	0.023	0.020
Log-likelihood	-3856.084	-3738.316	-3737.442	-3733.564	-3732.793
LR test	292.800	100.256	98.544	50.128	32.989
N (households)	9585	9323	9323	9323	9323
N (countries)	19	18	18	18	18

*Notes:* Control variables for skills, self-employment, number of children (<13) and elderly (>65), GDP growth not shown

	Model 0	Model 1	Model 2a	Model 2bi	Model 2bii	Model 3
<i>Ref. low education</i>						
Medium	-0.521*** (0.08)	-0.522*** (0.08)	-0.525*** (0.08)	-0.521*** (0.08)	-0.526*** (0.08)	-0.496*** (0.08)
High	-0.724*** (0.10)	-0.721*** (0.10)	-0.724*** (0.10)	-0.712*** (0.10)	-0.717*** (0.09)	-0.746*** (0.10)
Mixed, low	-0.222* (0.10)	-0.222* (0.10)	-0.224* (0.10)	-0.223* (0.10)	-0.229* (0.10)	-0.211* (0.10)
Mixed	-0.220 (0.15)	-0.218 (0.15)	-0.216 (0.15)	-0.206 (0.15)	-0.214 (0.15)	-0.201 (0.15)
Mixed, high	-0.383** (0.12)	-0.384** (0.12)	-0.391** (0.12)	-0.381** (0.12)	-0.393** (0.12)	-0.392** (0.13)
<i>Ref. no one employed</i>						
One person	-1.463*** (0.09)	-1.463*** (0.09)	-1.456*** (0.09)	-1.458*** (0.09)	-1.446*** (0.09)	-1.464*** (0.09)
Multiple earners	-2.639*** (0.13)	-2.635*** (0.13)	-2.623*** (0.13)	-2.636*** (0.13)	-2.621*** (0.13)	-2.587*** (0.13)
<i>Index access (traditional family benefits)</i>				-0.962*** (0.28)		
Traditional family benefits				-0.021 (0.02)		
Family benefits X access (progr.)				0.090† (0.05)		
Index access (dual earner)				-0.280 (0.38)	0.241 (0.39)	
Parental leave (FRE)				-0.016*** (0.00)		
Parental leave X access (progr.)				0.054** (0.02)		
Parental leave (length)					-0.006*** (0.00)	
Length of parental leave X access dual earner					0.044*** (0.01)	
<i>Index access (social assistance)</i>						-0.472 (0.31)
Minimum income protection						-0.017 (0.01)
Social assistance X access (progr.)						0.074** (0.02)
Level 2 Intercept	-0.820***	0.254*	0.314**	0.204†	0.0829	0.171
Var (country)	0.194	0.113	0.048	0.040	0.029	0.076
ICC	0.056	0.033	0.014	0.012	0.009	0.022
Log-likelihood	-3928.476	-3924.099	-3918.176	-3918.156	-3916.292	-3792.317
LR test	260.401	84.128	21.567	12.105	7.443	43.299
N (households)	9585	9585	9585	9585	9585	9323
N (countries)	19	19	19	19	19	18

*Notes:* Control variables for skills, atypical employment, self-employment, number of children (<13) and elderly (>65), share of foreign-born from industrialised countries (not shown)

# Integration policies – main findings

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**Access to economic rights** depends on:

- Permanent residence permit (Anglo-Saxon countries)
- Waiting period (e.g. FIN, SWE, BEL, NET)

**Access to social rights** depends on:

- Waiting period (Anglo-Saxon)
- Legal residence permit (Nordic countries, excl. DEN)

Not explicitly mentioned in the social security laws:

1. *Continental European countries* (permanent residence)
2. *Southern European countries* (legal residence permit)

# Integration policies – main findings (II)

## **Integration policies – social and economic rights**

- Welfare regime typology as a good hint with regard to the access of different immigration categories to the labour market and social programs...
  - Based on the inclusiveness:  
Nordic > Southern European > Continental European > Anglo-Saxon
- ... but basis of entitlement of social programs even more decisive:
  - Universal > contribution-based > means-tested

# Conclusion and implications (I)

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## **Integration policies – social and economic rights**

- Implicit assumption that immigrants and citizens are entitled to the same rights falls short, moreover it depends on:
  - the immigration category, and
  - the basis of entitlement of social programs